

GUARDIAN CAPITAL PARTNERS PLC

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017

A CARSON CUMBERBATCH COMPANY.

GUARDIAN CAPITAL PARTNERS PLC
Managers' Review
For the period ended 31st December 2017

Deal flow for the 9 months ending December 2017 slowed down relative to last year. The few deals evaluated did not meet our investment criteria and hence no new investments were made during the period. The company is in the process of exploring a few opportunities and further information will be provided if these materialize into formal engagements.

LVL Energy Fund Ltd, the largest position in the portfolio with an investment of Rs. 103.12 Mn, was listed on the Colombo Stock Exchange on 9th January 2018. The share was trading at Rs. 9.80-10.00 levels a share at the time of writing this report. An exit which was being worked out for another position in the portfolio did not materialize, as the potential acquirer was unable to raise the requisite funds.

For the 9 months ended December 2017, Guardian Capital Partners PLC (GCP) recorded a loss of Rs. 19.6 Mn and a total comprehensive loss of Rs. 25.1 Mn. The loss recorded was primarily due to the impairment charge of Rs. 42.1 Mn, whilst administration costs increased due to costs associated with the impaired position as reported in the previous quarters.

Guardian Fund Management Limited
Investment Managers

09th February 2018

GUARDIAN CAPITAL PARTNERS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All figures are in Sri Lankan Rupees '000)

	Three months ended 31st December			Nine months ended 31st December			31.03.2017 Audited
	2017	2016	Change %	2017	2016	Change %	
Revenue	4,719	6,985	(32)	10,240	11,556	(11)	48,342
Impairment loss on available for sale financial assets	-	-	-	(42,118)	-	(100)	-
Net change in fair value of fair value through profit or loss financial assets	8,332	7,361	13	23,221	24,476	(5)	839
Profit / (loss) on investment activities	13,051	14,346	(9)	(8,657)	36,032	(124)	49,181
Administrative and other operating expenses	(2,751)	(2,575)	7	(10,721)	(8,504)	26	(13,221)
Profit / (loss) before taxation	10,300	11,771	(12)	(19,378)	27,528	(170)	35,960
Income tax expense	-	(104)	(100)	(232)	(179)	30	172
Profit / (loss) for the period	10,300	11,667	(12)	(19,610)	27,349	(172)	36,132
Other comprehensive income							
Net change in fair value of available for sale financial assets	(10,802)	(8,527)	27	(5,486)	34,475	(116)	50,731
Other comprehensive income / (expense) for the period	(10,802)	(8,527)	27	(5,486)	34,475	(116)	50,731
Total comprehensive income / (expense) for the period	(502)	3,140	(116)	(25,096)	61,824	(141)	86,863
Earnings / (loss) per share (Rs.)	0.40	0.45		(0.76)	1.06		1.40
Dividend per share (Rs.) *	-	-		-	-		0.25

Change % represent the percentage change in current period's results compared to comparative period of previous year.

* Dividend per share is based on the interim / proposed dividends.

Figures in brackets indicate deductions/ negative changes.

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF FINANCIAL POSITION
(All figures are in Sri Lankan Rupees '000)

As at 31st December	2017	2016	31.03.2017 (Audited)
ASSETS			
Non-current assets			
Available for sale financial assets	319,087	350,435	366,691
Total non-current assets	319,087	350,435	366,691
Current assets			
Other receivables	3,843	107	88
Current tax recoverable	3,036	113	636
Fair value through profit or loss financial assets	376,631	354,952	360,839
Cash and cash equivalents	4,705	7,849	10,617
Total current assets	388,215	363,021	372,180
Total assets	707,302	713,456	738,871
EQUITY AND LIABILITIES			
Equity			
Stated capital	513,656	513,656	513,656
Revenue reserves	188,319	194,834	219,873
Total equity	701,975	708,490	733,529
Current liabilities			
Other payables	5,327	4,966	5,342
Total liabilities	5,327	4,966	5,342
Total equity and liabilities	707,302	713,456	738,871
Net assets per share (Rs.)	27.17	27.42	28.39

The Statement of Financial Position as at 31st December 2017 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow for the period then ended as disclosed in pages 2 to 4 have been drawn up from unaudited accounts.

I certify that these Financial Statements comply with the requirements of the Companies Act No. 7 of 2007.

(Sgd).

V. R. Wijesinghe
Head of Finance
Carsons Management Services (Private) Limited

Approved & signed on behalf of the Investment Managers,

(Sgd).

K. Selvanathan
Director
Guardian Fund Management Limited

09th February 2018

Approved & signed on behalf of the Board,

(Sgd).

S. Mahendrarajah
Director

(Sgd).

D. C. R. Gunawardena
Director

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CHANGES IN EQUITY

(All figures are in Sri Lankan Rupees '000)

	Revenue reserves					Total equity
	Stated capital	Available for sale financial assets reserve	Fair value through profit or loss financial assets reserve	General reserve	Retained earnings	
Balance as at 1st April 2016	513,656	10,138	11,961	619	110,292	646,666
Profit for the year	-	-	-	-	36,132	36,132
Other comprehensive income for the year	-	50,731	-	-	-	50,731
Total comprehensive income for the year	-	50,731	-	-	36,132	86,863
Transfers	-	-	(11,122)	-	11,122	-
Balance as at 31st March 2017 (Audited)	513,656	60,869	839	619	157,546	733,529
Balance as at 1st April 2017	513,656	60,869	839	619	157,546	733,529
Loss for the period	-	-	-	-	(19,610)	(19,610)
Other comprehensive expense for the period	-	(5,486)	-	-	-	(5,486)
Total comprehensive expense for the period	-	(5,486)	-	-	(19,610)	(25,096)
Dividend	-	-	-	-	(6,458)	(6,458)
Balance as at 31st December 2017 (Unaudited)	513,656	55,383	839	619	131,478	701,975
Balance as at 1st April 2016	513,656	10,138	11,961	619	110,292	646,666
Profit for the period	-	-	-	-	27,349	27,349
Other comprehensive income for the period	-	34,475	-	-	-	34,475
Total comprehensive income for the period	-	34,475	-	-	27,349	61,824
Balance as at 31st December 2016 (Unaudited)	513,656	44,613	11,961	619	137,641	708,490

GUARDIAN CAPITAL PARTNERS PLC
STATEMENT OF CASH FLOWS

(All figures are in Sri Lankan Rupees '000.)

For the nine months ended 31st December	2017	2016	31.03.2017 (Audited)
Cash flows from operating activities			
Profit / (loss) before taxation	(19,378)	27,528	35,960
Impairment loss on available for sale financial assets	42,118	-	-
Net change in fair value of fair value through profit or loss financial assets	(23,221)	(24,476)	(839)
Operating profit / (loss) before changes in working capital	(481)	3,052	35,121
Increase / (decrease) in investments	7,429	(163,133)	(192,657)
(Increase) / decrease in trade and other receivables	(3,755)	404	423
Increase / (decrease) in other payables	(75)	(345)	32
Cash generated from / (used in) operating activities	3,118	(160,022)	(157,081)
Income tax paid	(2,632)	(267)	(439)
Net cash generated from / (used in) operating activities	486	(160,289)	(157,520)
Cash flows from financing activities			
Dividend paid	(6,398)	(6,406)	(6,407)
Net cash used in financing activities	(6,398)	(6,406)	(6,407)
Net decrease in cash & cash equivalents during the period	(5,912)	(166,695)	(163,927)
Cash & cash equivalents at the beginning of the period	10,617	174,544	174,544
Cash & cash equivalents at the end of the period	4,705	7,849	10,617
Statement of cash and cash equivalents			
Short-term deposits	3,562	6,879	8,256
Cash at bank	1,143	970	2,361
Total cash and cash equivalents	4,705	7,849	10,617

Figures in brackets indicate deductions/ negative changes.

GUARDIAN CAPITAL PARTNERS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees thousands, unless otherwise stated).

1 Basis of preparation of Interim Financial Statements

The Interim Financial Statements of the Company have been prepared in consistence with the accounting policies and methods applied for the year ended 31st March 2017.

These Interim Financial Statements are in compliance with Sri Lanka Accounting Standard - "Interim Financial Reporting" (LKAS 34). Further, the provision of the Companies Act No. 7 of 2007 have been considered in preparing the Interim Financial Statements of the Company.

2 Revenue

For the nine months ended 31st December	2017	2016
Interest income	1,155	1,153
Dividend income	4,914	6,689
Net gain from disposal of fair value through profit or loss financial assets	4,171	3,714
	10,240	11,556

3 Summary of Investment Portfolio

	Fair value as at 31.12.2017	Fair value as at 31.12.2016	Fair value as at 31.03.2017
Available for sale financial assets - quoted (3.1)	319,087	350,435	366,691
Fair value through profit or loss financial assets (3.2)	376,631	354,952	360,839
	695,718	705,387	727,530

3.1 Available for sale financial assets

(a) Investments in equity securities - Quoted

Access Engineering PLC	54,419	57,427	55,112
Expolanka Holdings PLC	36,279	43,125	41,071
	90,698	100,552	96,183

(b) Investments in equity securities (Private equity) - unquoted

hSenid Business Solutions (Pvt) Ltd.	70,008	70,009	70,009
Kashmi Singapore PTE. LTD	10,256	10,256	10,256
LVL Energy Fund Limited	103,125	82,500	103,125
Findmyfare Private Limited	45,000	45,000	45,000
Swiss Institute for Service Industry Development	-	42,118	42,118
	228,389	249,883	270,508
	319,087	350,435	366,691

3.2 Fair value through profit or loss financial assets

Guardian Acuity Money Market Gilt Fund	162,218	160,626	160,592
Guardian Acuity Money Market Fund	214,413	194,326	200,247
	376,631	354,952	360,839

4 Events after the reporting period

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements.

5 Contingent Liabilities and Capital Commitments

There were no material contingent liabilities and capital commitments since the last reporting date.

6 Liabilities for expenditure

There were no liabilities for management fees or any other similar expenditure not provided for in the Interim Financial Statements.

7 Comparative figures

Previous period's figures and phrases have been rearranged wherever necessary to conform to the current period's presentation.

8 Stated capital

Stated capital of the Company amounted to Rs. 513.7mn comprise of 25,833,808 fully paid ordinary shares.

GUARDIAN CAPITAL PARTNERS PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)

(All figures are in Sri Lankan Rupees thousands, unless otherwise stated).

9	Related party transactions	2017	2016
	Transactions with the parent company		
	Dividend paid	5,423	-
	Transactions with affiliate companies		
	Receiving of services	5,076	4,169

10 Twenty major shareholders as at 31st December 2017

Name of the Shareholder	No. of Shares	%
1 Ceylon Guardian Investment Trust PLC A/C No 3	21,692,800	83.97
2 Carson Cumberbatch PLC A/C No.2	581,950	2.25
3 Union Investments Private Ltd	111,000	0.43
4 Mr. V. Nataraj	99,532	0.39
5 Mrs. V. Nataraj	99,532	0.39
6 Bansei Securities Capital (Pvt) Ltd/S.M.T.B.Samara	93,401	0.36
7 Mr. M.P.D.D. Fernando	93,041	0.36
8 Natwest Nominees (Pvt) Limited.	84,858	0.33
9 Wardley Investments (Pvt) Limited	84,858	0.33
10 Mr. J.P. Paul	83,173	0.32
11 Goodhope Holdings (Pvt) Limited.	76,940	0.30
12 Mr. M. Selvanathan	63,409	0.25
13 Skan Investments (Pvt) Limited.	51,774	0.20
14 First Capital Markets Limited /Mr. S.P. Jayakumar	50,139	0.19
15 Mr. M.W. De Silva	49,291	0.19
16 Mr. B.S. Goonesekera	49,090	0.19
17 Mr. M.S. Hiripitiya	42,196	0.16
18 Mr. H.A. Van Starrex	36,094	0.14
19 Mr. K.S.H. Mawellage	35,887	0.14
20 Mr. S.S. Dias	35,500	0.14

11 Public holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization less than Rs. 1.0 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st December 2017;

Market Capitalization of the Public Holding	Rs. 100.4 Million
Percentage of public holding	12.91%
Number of public shareholders	2,163

12 Investor information

Share valuation

	For the three months ended 31st December 2017
Market value per share (Rs.)	30.10
Highest price per share for the period (Rs.)	37.90
Lowest price per share for the period (Rs.)	29.00
Market capitalization (Rs. thousands)	777,598

13 Directors shareholdings

	No. of shares held as at 31st December 2017
Mr. I. Paulraj	250
Mr. D. C. R. Gunawardena	25
Mr. S. Mahendrarajah	25
Mrs. M.A.R.C. Cooray	-
Mr. K. Selvanathan	-

CORPORATE INFORMATION

Name of Company	Guardian Capital Partners PLC (A Carson Cumberbatch Company)
Company Registration No.	PQ 49
Legal Form	A Public Quoted Company with limited liability, incorporated in Sri Lanka in 1920
Principal activity and nature of operation	The principal activity of the company is to hold and manage a portfolio of private equity investments.
Parent and Ultimate Parent Entities	Ceylon Guardian Investment Trust PLC is the immediate Parent Company of Guardian Capital Partners PLC. In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Ceylon Guardian Investment Trust PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Ceylon Guardian Investment Trust PLC.
Directors	I. Paulraj (Chairman) D. C. R. Gunawardena S. Mahendrarajah (Director and Alternate to Mr. I. Paulraj) Mrs. M.A.R.C. Cooray Mr. K. Selvanathan
Bankers	Standard Chartered Bank Commercial Bank of Ceylon PLC Deutsche Bank AG
Auditors	Messrs. KPMG Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03 Sri Lanka.
Managers	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha, Colombo 01 Sri Lanka. Telephone No: +94-11-2039200 Fax No: +94-11-2039300
Investment Managers	Guardian Fund Management Limited 61, Janadhipathi Mawatha, Colombo 01 Sri Lanka Telephone No: +94-11-2039200 Fax No: +94-11-2439777
Registered Office	61, Janadhipathi Mawatha, Colombo 01 Sri Lanka Telephone No: +94-11-2039200 Fax No: +94-11-2039300
Corporate Website	www.carsoncumberbatch.com